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A-11

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HANDLING INDICATOR

TO : U.S. INTERESTS ALGIERS

Jun 16 11 23 AM '71

FROM : Department of State

DATE:

SUBJECT : Policy Planning Paper

REF : CA-5632, November 3, 1970

SUGGESTED DISTRIBUTION

Attached are three copies of the Policy Planning Paper for Algeria, as approved by the members of the NSC Interdepartmental Group for Africa.

The paper constitutes an official statement of US policy towards Algeria and should be used as a guideline by all elements of the Embassy in the preparation of policy statements, action plans and future budgetary projections.

ROGERS

Enclosure: As Stated

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A-11 to ALGIERES
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ALGERIA: Policy Planning Paper

Approved by the NSC Interdepartmental Group for Africa

POL / ALG-215

June 1971

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ALGERIA: Policy Planning Paper

Introduction

Algeria is the most dynamic and important nation of North Africa. It has a young aggressive leadership that appears determined to maintain Algeria's political independence from any major power, while drawing pragmatically on outside capital and technology to exploit its natural resources and develop the country. This approach has lead rapidly to a substantial improvement in U.S.-Algerian relations, both political and economic. We see our broad interests well served if this trend continues. Algeria has settled satisfactorily the compensation claims of American corporations, and is actively reviewing the private American claims. There is now a potentially very large market for U.S. technology and capital in Algeria. As the economy expands, significant private U.S. investment opportunities in the form of joint partnerships should develop.

The U.S. demands for fuel energy are outpacing supply, and the contemplated El Paso-SONATRACH project for the importation of Algerian gas will play a significant role over the next twenty years. We also see this project, of such importance to the Algerians, as associating them closely with western (specifically U.S.) economic interests.

It is not in our interest to work actively to undermine the historic French position in Algeria. France itself is too important for us to attempt anything so antagonistic and, despite their troubles, the remaining ties of the French with Algeria cannot easily be broken. Realistically, however, we expect the Algerians to move away from the French (as they are already doing in the critical petroleum sector). We do see it to be in our interests to fill, at least in part, a vacuum left by the French in this strategically, economically and politically important North African and Mediterranean country. We consider a close relationship with the countries of Western Europe, and not to turn to the Soviet Union.

A. U.S. Interests in Algeria

1. Because of its geographic position, substantial resources (chiefly in petroleum and natural gas) and its leadership, Algeria is potentially the most important country in the Maghreb.

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[REDACTED]

2. The Algerian interest in economic development and in access to U.S. technology offers opportunities for U.S. exports of capital equipment and for services.

3. As its economy expands, peripheral but profitable areas for U.S. private investment may develop, probably through partnership arrangements with the Algerian state.

4. The US strategic interest in Algeria derives from its geographic location and NATO's responsibility for defense of western Europe while denial of military operating rights in Algeria will not significantly restrict NATO's ability to carry out its mission in the Mediterranean, which would be contrary to our interests if the Soviet role as Algeria's chief supplier of military equipment resulted in basing privileges for Soviet military units.

B. U.S. Objectives Over the Next Five Years

1. Improvement of the U.S.-Algerian dialogue on matters of mutual interest through the reestablishment of diplomatic relations.

2. Significant progress in settlement of the private American claims against Algeria.

3. Access to Algerian natural gas on a long-term basis.

4. Expansion of U.S. commercial exports to Algeria and development of service arrangements.

5. Encouragement of a continued Western European, as well as American, interest in Algeria, chiefly as an offset to Algerian reliance or dependence on Soviet technical and military assistance.

C. Algeria's Objectives Vis-a-Vis the United States

1. Access to the growing U.S. market for natural gas.

2. Access to U.S. official and private sources of capital to assist in Algeria's economic development.

3. U.S. support of Algeria's interest in IBRD financial assistance in connection with Algeria's economic development.

[REDACTED]

4. Achievement of its economic objectives while maintaining maximum freedom of political maneuver, i.e., to keep its critical distance from the U.S. on major world political issues.

D. Recommended Courses of Action

1. Use Algeria's economic interests as a lever to obtain progress on the reestablishment of diplomatic relations.

2. Get Algerians moving on reexamination of U.S. private claims with a view to consolidating them and finding an imaginative solution.

3. Support arrangements for the export of Algerian natural gas to the U.S. as a function of overall improvement in U.S.-Algerian relations; encourage maximum American participation in related projects.

4. Expand economic and commercial activities of U.S. Interests Section to promote further increases in U.S. exports of goods, services, and technical/managerial skills.

5. Promote higher level American-Algerian contacts in Algeria and the U.S. on the basis of the mutual interests involved.

6. Conduct quiet educational, information and cultural activities as exemplified by ongoing Mission support for programs of English teaching, American studies and cultural presentations, in a continuing effort to improve the general atmosphere of U.S.-Algerian relations.